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ECONOMIC AND ENVIRONMENTAL QUESTIONS: REPORTS OF SUBSIDIARY BODIES, CONFERENCES AND RELATED QUESTIONS: WOMEN IN DEVELOPMENT

Effective mobilization and integration of women in development: gender issues in macroeconomic policy-making and development planning

Report of the Secretary-General

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INTRODUCTION

1. Reports on the effective mobilization of women in development have been submitted to the General Assembly, through the Economic and Social Council, on a biennial basis for a number of years, starting at its forty-second session.

2. In resolution 42/178, the General Assembly recognized the importance of the contribution of women to the overall economy and called, inter alia, for an intensification of efforts to promote the integration of women in development and the involvement of women, both as agents and as beneficiaries, in national development plans. It also urged Governments to review the impact on women of development policies and programmes. Subsequent reports have emphasized coordination of the activities of organizations of the United Nations system in women in development (A/44/290-E/1989/105), the effective mobilization of women in the implementation of the International Development Strategy for the Fourth United Nations Development Decade (A/46/464) and how gender was dealt with in Agenda 21 1/ (A/49/393).

3. The 1994 World Survey on the Role of Women in Development 2/ analysed changes in the role of women in development in the context of global economic restructuring, focusing, among other issues, on the impact of development policies on women. The second review and appraisal of the implementation of the Nairobi Forward-looking Strategies for the Advancement of Women, in its analysis of factors affecting the implementation of the Strategies, considered a broad range of macroeconomic and international trade polices and their impact on the economic and social status of women.

4. Accordingly, building on the work already undertaken, the present report, the fourth of the biennial reports on the effective mobilization and integration of women in development, focuses on gender issues in macroeconomic policy-making and development planning. The choice of this theme reflects the growing recognition in academic circles and among development practitioners of the need to consider gender as a variable in the design of economic policies if their implementation is to produce an outcome that is both efficient and socially desirable.

5. The need for the explicit incorporation of gender issues in the design of economic policies, particularly policies of structural adjustment, has frequently been emphasized in the context of expert group meetings organized by the Division for the Advancement of Women, Department for Policy Coordination and Sustainable Development, United Nations Secretariat, and by various international development institutions. 3/ It will therefore be useful to identify the areas of macroeconomic policy that demonstrate the relevance of gender to the economic criteria of development planning.

6. The analysis underlying the report is under way but has not yet been completed. The present report is, therefore, an interim one, designed to present to the Council, for its consideration, the approach being taken to the subject. A full report will be provided to the General Assembly.

I. GENDER-RESPONSIVE DEVELOPMENT: A NEW APPROACH

7. Consideration of the meaning and determinants of development and of development policies has produced a succession of approaches over the past three decades. The early preoccupation of development practitioners with economic growth gave way to basic-needs strategies and strategies of collective self-reliance. There then ensued a decade of structural adjustment whose lessons brought about a new definition of development which emphasized the enlargement of the choices and opportunities available to people, viewed development as a participatory, people-centred and all-inclusive process, and gave rise to a new growth theory combining efficiency with equity and providing a framework for analysing endogenous sources of growth. For most of the time, however, the structural presence of women in economic production was largely overlooked by the prevailing paradigm.

8. Towards the end of the 1980s, women-in-development issues, previously given only marginal consideration, became central to the development agenda and to the analysis of variations in economic policy outcomes. The early attempt to "add women as an after-thought" 4/ to the pre-existing model of development gave way to a realization that the success of development itself was highly contingent on women's full participation in it. Numerous studies demonstrated that, without addressing the economic and social situation of women, the development effort was destined to fail, since the pressing problems of poverty, high fertility rates, inadequate health care and illiteracy could only be resolved by tackling the situation of women first. The impermeability of some countries to economic reforms and the disappointing results achieved in others have been linked to, inter alia, lack of consideration of the gender dimension of economic adjustment.

9. The Third United Nations Development Decade ended with a new awareness of the need to give explicit consideration to women when planning for development. The earlier model of the "integration" of women in development was subjected to much criticism, particularly as being limited from the perspective of women's strategic gender interest. 5/ As a result, the women-in-development approach evolved into the "gender and development" approach, which seeks "not only [to] integrate women into development, but [to] look for the potential in development initiative to transform unequal social/gender relations and to empower women". 6/ This approach seeks to remedy the complete disregard for gender in economic theory and policy-making by stressing a gender dimension of micro- and macroeconomic policies and the need to include gender as a variable in economic policy-making and development planning.

10. Although recognized in international development agencies and academic circles, the gender aspect of economic policy-making has not been used as a planning and policy-making tool nor is there a "sustainable dialogue between planners and those within the research community who might help them towards a gender analysis". 7/ To bridge this gap, it is necessary to bring the tools of economic analysis together with gender realities so that the gender dimension can be included in policy formulation and analysis. To do this it is necessary to develop a portfolio of economic arguments that emphasize the relevance of gender to the outcome of economic policies.

II. IMPACT OF ECONOMIC DEVELOPMENT ON WOMEN

11. The purpose of the present report is to identify the areas of relevance of gender to economic policy-making criteria by employing the tools of analysis provided by economic theory and the econometric technique of ordinary least squares regression. It will discuss micro- and macroeconomic modelling of gender and the gender implications of fiscal and monetary policies and development strategies. A regression method will be used to determine the gender-specific implications of economic growth and development strategies, particularly strategies of external openness.

A. Scope and methods of analysis

12. The divergent economic performance of different regions towards the end of the 1980s and in the early 1990s reflected the varied experience of the economic policies employed by countries in response to internal and external disequilibria and the pressures of globalization. The economies of East and South-East Asia were able to sustain exceptionally high rates of growth of output and per capita income; those of Latin America resumed an only modest rate of growth after the drastic decline of the early 1980s; and the economies of Africa, particularly those in the sub-Saharan region, experienced little change in the decade-long trend of falling per capita output. The transition to a market economy proved to be costly in terms of declining output and real income, a sharp rise in inequality, a decline in standards of living and deepening gender inequalities. Income distribution appears to have worsened in most of the developing world, apart from the export-driven economies of East and South-East Asia.

13. It is generally agreed among mainstream economists that outward orientation in economic development has been the single most important factor responsible for rapid economic development and the decline of inequality in the first and second generation of the newly industrialized economies. Policies of trade liberalization, of eliminating distortions in factor markets and of better governance, as opposed to distortive interference by Governments with trade and the economy, have been identified as most conducive to growth and poverty reduction. The question that this section of the full report will explore is whether there is also a relationship between economic growth, particularly growth based on export expansion, and an improvement of the economic position of women.

14. To answer this question, the report will present the results of a study, currently under way, that examines the relationship between economic growth, the expansion of exports and women's economic participation. It also considers the impact of the educational attainment of women on their economic participation and the impact of government policy with respect to achieving equality for women. The study utilizes cross-country data, grouped by non-economic factors, for the period 1970-1992. It is expected to show that women do benefit from economic growth and, in some regions, do so more than men, and also that market liberalization and an open economy can be seen as crucial to integrating women in development as well as to achieving greater economic efficiency.

B. Gender issues in economic policy

15. This section of the full report will consider, from a gender perspective, the concepts and models of economic theory that are used for the formulation of policy advice. Microeconomic theory dominated by the marginalist paradigm and the equilibrium perspective makes only passing reference to the economic topics of special importance to women. Even less attention is devoted to such issues at the macro level; gender-specific differences, when shown in macroeconomic data, receive no macroeconomic explanation. The models used in discussing the economics of the household and gender-related issues are based on assumptions that often harbour male biases. Policy advice formulated on the basis of these models is couched in gender-neutral terms but often leads to gender-specific results that escape the attention of economic policy makers for lack of the methodological and statistical tools for addressing them. The result is that, at present, gender issues in economic theory and policy-making are "hidden by the invisible hand". 8/

16. Gender inequalities in access to and participation in markets cause markets to fail to allocate resources efficiently. Factor markets are particularly important, since their inefficiency can inhibit growth and/or worsen income distribution. Gender discrimination in these markets leads to a sub-optimal allocation of resources which entails long-term social opportunity costs, thus providing a rationale for the infant-industry argument for subsidizing innovative credit schemes, the industry in the present case being financial services that provide credit to low-income producers and entrepreneurs. The relative immobility of the female labour force in response to market signals obstructs allocative efficiency in the labour market, and there are social opportunity costs in the loss of efficiency and misallocation of resources resulting from female labour being "locked up" in non-market work. On the other hand, there are positive externalities to female non-market work which can be viewed in terms of the production of a public good and that therefore present a case for public-policy intervention.

17. Economic theory does not have much to say about the household. In macroanalysis the household is considered in terms of providing factor inputs and of consumption, and microeconomics considers primarily its consumption role. Such constructs of microeconomic theory as "comparative advantage", "utility maximization" and "preference functions" are applied to the household just as they are applied to the individual economic agent. The household is treated as a unit which maximizes the joint utility function of its members. Despite the analytical shortcomings of the aggregation of individual family members into a joint utility function, the microeconomic model of the household claims that it behaves as if it were a single entity, maximizing joint utility and welfare. Gender neutrality is in this case assumed to be inconsequential and benevolent. The Becker model of gender specialization, based on individual choice and "comparative advantage", portrays women in a most stereotypical way. 9/

18. Economic growth, inflation and monetary and fiscal policies may each have a differential impact on women. Yet in its discussion of aggregates, macroeconomics omits gender issues entirely. The work carried out by women in reproduction and the maintenance of human resources is excluded from national accounts, and the link between the paid and unpaid economy is therefore lost.

This has important practical consequences. When macroeconomic policies are formulated, the gender dimension of the consequences of changes in market signals and of the reallocation of resources is lost.

19. Repressed financial markets and credit rationing favour capital intensity and may perpetuate discrimination. Small enterprises, including the bulk of businesses owned by women, are forced to seek credit in the curb market where they are obliged to pay interest rates several times higher than in the formal financial sector. To the extent that financial repression discourages the development of light industry, it hurts the economic participation of women. Regulated credit hurts women indirectly by interfering with the efficient allocation of resources and inhibiting economic growth.

20. Policies of trade liberalization and external openness and supporting macroeconomic policies involving exchange-rate management and the maintenance of international competitiveness have been shown to be beneficial for women in terms of improving their economic position and their bargaining power in the family. The loss of competitiveness and real exchange-rate appreciation, on the other hand, tend to affect women to a greater extent than men, because employers still feel free to discriminate against them.

21. The full report will cover the issue of entrepreneurship by utilizing the information provided by the national reports on the extent and nature of the entrepreneurial activities of women and on their access to markets and resources. The discussion of micro- and macroeconomic policies will be linked to entrepreneurship by highlighting the impact they have on women entrepreneurs and producers.

22. More progressive personal taxation schedules, the choice of joint or individual income as the unit of taxation, and reduced reliance on regressive taxation will all tend to be to the advantage of women and will provide incentives for women to seek paid employment. Provision for tax rebates for such expenses as child-care is also desirable in order to encourage high participation rates. Taxation that penalizes exports and the agricultural sector tends to worsen the economic position of women.

III. CONCLUSIONS: STRATEGIES FOR INCREASING THE PARTICIPATION OF WOMEN IN ECONOMIC DEVELOPMENT

23. A growth strategy based on high effective rates of protection and capital intensity has been shown to be inimical to promoting gender equality in development participation and to achieving sustainable growth and development. But the effort to remedy distortions by introducing structural adjustment policies has in many cases led to a worsening of gender inequalities. If economic reforms are to produce efficient and sustainable results at minimum social cost, the gender dimension should be written into the design of macroeconomic policies. This would require introducing gender into the conceptual framework underlying economic analysis and policy-making.

Notes

1/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigenda), resolution 1, annex II.

2/ United Nations publication, Sales No. E.95.IV.1.

3/ For example, "Engendering adjustment for the 1990s", report of a Commonwealth Expert Group on Women and Structural Adjustment, 1989, p. 8; "Women's economic potential to overcome poverty", report of an international round table held in Bonn/Konigswinter, 27-30 November 1994. Advance report of findings and recommendations, p. 7.

4/ Diane Elson, "Gender issues in development strategies", paper presented at the Seminar on Integration of Women in Development, Vienna, 9-11 December 1991.

5/ The two-stage "gender planning" model developed by Moser distinguishes, from both a policy and operational viewpoint, between the practical or present interests of women (current inadequacies in the living and working conditions of women, for example) and strategic needs which target more egalitarian gender relations, either by reducing the basis of women's economic disadvantage or by modifying the gender division of labour so that it does not constrict women's income-earning potential. See Caroline Moser, Gender Planning and Development: Theory, Practice and Training (London, Rutledge, 1993).

6/ Rosi Braidotti and others, Women, the Environment and Sustainable Development: Towards a Theoretical Synthesis (Burbank, Zed Books, 1993), p. 82.

7/ Susan Bullock, Women and Work (Burbank, Zed Books, 1994), p. 30.

8/ S. Feiner and B. Roberts, "Hidden by the invisible hand: neoclassical economic theory and textbook treatment of race and gender", Gender and Society, vol. IV, No. 2 (June 1990), pp. 159-181.

9/ Gary Becker, Treaties in the Family (Cambridge, Harvard University Press, 1981).